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FISCAL IMPACT STATEMENT

LS 7426

BILL NUMBER: SB 474

NOTE PREPARED: Jan 29, 2015

BILL AMENDED: Jan 27, 2015

SUBJECT: Analysis of Water Utility Planning and Needs.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the Indiana Finance Authority (IFA) to prepare an analysis of the planning and long range needs of: (1) the water utilities serving the 15 most populous cities in Indiana; and (2) five other water utilities selected by the IFA, each of which serves fewer than 10,000 customers. It authorizes the IFA to contract with professionals or with a state educational institution for the performance of some or all of the IFA's duties relating to the analysis. It requires the IFA to complete the analysis and submit it to the Legislative Council not later than November 1, 2015. For calendar year 2015, it relieves the Indiana Utility Regulatory Commission of the duty to submit an annual report concerning water utilities to the Legislative Council and the Interim Study Committee on Energy, Utilities, and Telecommunications.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) *Indiana Finance Authority (IFA):* The bill requires the IFA to prepare an analysis of the planning and long-range needs of water utilities serving the 15 most populous cities in the state and 5 small water utilities that serve fewer than 10,000 customers selected by the IFA. The bill allows the IFA to contract with professionals or with a state educational institution to fulfill the bill's requirements. The IFA should be able use funding that is available from the U.S. EPA for state revolving loans to implement the bill's provisions.

(Revised) **Additional Information** - The IFA is limited to using 4% of state revolving loan funding received from the U.S. EPA for all administrative purposes. Annually, the Drinking Water Revolving Fund receives about \$14 M from the U.S. EPA, and the Wastewater Revolving Fund receives about \$33 M from the U.S.

EPA.

The analysis required by the bill would be submitted to the Legislative Council by November 1, 2015. The report will include the IFA's analysis and data collected by the IURC as required by IC 8-1-30.5-3 (the annual Water Utility Resource Report).

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Water utilities selected for the analysis would be consulted with by the IFA. The IFA would need to gather certain data and information regarding water resources plans, fiscal sustainability, and regional cooperation from the water utilities.

The bill defines water utility as:

- (1) A public utility, as defined in IC 8-1-2-1(a), that furnishes water to its customers.
- (2) A municipally owned utility, as defined in IC 8-1-2-1(h), that furnishes water to its customers.
- (3) A not-for-profit utility, as defined in IC 8-1-2-125(a), that furnishes water to its customers.
- (4) A utility that is owned cooperatively by its customers and furnishes water to its customers.
- (5) A conservancy district established under IC 14-33 that furnishes water to its customers.
- (6) A regional district established under IC 13-26 that furnishes water to its customers.

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Indiana Finance Authority.

Local Agencies Affected: Local water utilities.

Information Sources: Jim McGoff, Indiana Finance Authority.

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